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Post-disaster human trafficking risks:
Case studies from Hurricane Katrina

Business

In 2005, Hurricane Katrina displaced hundreds of thousands of people in Louisiana, Mississippi, and Alabama, caused more than \$100 billion in damages, and triggered a massive redevelopment effort to rebuild homes, infrastructure, and industries. The federal government spent over [\\$100 billion on recovery efforts](#) that required hundreds of skilled and unskilled workers.

Katrina exposed legal and ethical risks to businesses involved in reconstruction efforts, and human rights risks to the workers they employ.

The Signal worker case:

In 2015, a jury awarded **\$14 million** in damages to Indian workers exploited by Signal, a Gulf Coast marine services company, involved in post-hurricane reconstruction.

- Signal recruited 500 men from India through the U.S. H-2B visa program to work as welders, pipefitters, and in other positions to repair damaged oil rigs and related facilities
- Recruiters charged workers \$10,000 to \$20,000 in fees and promised good jobs and permanent U.S. residency for them and their families
- Upon arrival at the Signal shipyard in Mississippi, the men were told that they would not receive permanent residency and were required to live in and pay for company housing
- Immigration authorities approved and then reauthorized the workers' temporary visas
- Economists estimate that the company saved \$8 million in costs by paying workers illegally low wages and employing deceptive recruitment practices

“This historic verdict puts American companies on notice that if they exploit the flaws in our temporary worker program, they will be held accountable and punished.”
– ACLU

Signal and other cases show that businesses can be liable for the illicit practices of labor contractors and recruiters — in both recruiting foreign workers already in the U.S. and bringing them from abroad.

The workers successfully sued Signal under the Trafficking Victims Protection Act for a violation of their rights. The [jury found](#) that the men were defrauded and exploited in a labor trafficking scheme engineered by Signal, an immigration lawyer, and an Indian labor recruiter who lured hundreds of workers to a Mississippi shipyard with false promises of permanent U.S. residency.



Cases that found Signal liable:

Filed by EEOC	Signal was directly responsible for abuses
	Discriminated and retaliated against Indian workers
Filed by workers	Signal and others engaged in labor trafficking, forced labor, fraud, racketeering, and discrimination
	Workers defrauded and exploited in a scheme engineered by Signal and others
	One of the five plaintiffs was a victim of false imprisonment and retaliation

Cause of action:

- Signal obtained the workers knowing they were subjected to prohibited conduct including false promises, passport withholding, and debt bondage
- The TVPA has been amended since and now covers anyone who benefits, financially or by receiving anything of value, by participating in a venture that they knew or should have known was engaged in prohibited conduct

Risks in recovery:

Natural disasters and hurricanes lead to massive spending by the federal and local governments for cleanup and reconstruction. Assistance needs to be dispersed quickly, often bypassing [strict government contracting regulations](#) and traditional worker protections.

Given the economic opportunity, a scarcity of workers, and the need to quickly begin reconstruction, Katrina exposed various risks to businesses **utilizing contractors and recruiters** to fulfil labor needs. For expediency, seven days after Katrina, the Department of Homeland Security suspended certain labor regulations for 45 days and the Department of Labor lifted wage restrictions for two months.

“These men experienced constant stress and humiliation. Yet, they were stuck. The defendants showed a shocking disregard for their basic human rights.”
 – Southern Poverty Law Center

Risks and vulnerabilities:

Operational challenges

- Contractor moves into recovery area to avail of increased public and private short and long-term contracts for recovery efforts
- Contractor may “underbid” to win the award worth multiple millions
- Labor is scarce: contractor uses H2A, H2B, and other guest worker programs to fill labor shortage with foreign workers
- Documented and undocumented workers are vulnerable to exploitation due to limited legal protections and monitoring of construction sites



Vulnerability of workers

- Needed rapid response can lead to lesser due diligence of contractor and verification of work sites
- Contractor maximizes profits by procuring the cheapest possible labor – illegally, through exploitation
- Fraudulent contractors recruit foreign workers with false promises of good jobs and wages; high-skilled workers also vulnerable
- Foreign workers already in the U.S. can be illegally deployed for relief efforts; limited grievance mechanisms; few workers have medical insurance or health care while working in dangerous environments

Strategies to prevent exploitation: Recommendations for the business community

Actions in-house:

- Conduct due diligence and vetting of all labor contractors in the supply chain, with higher level scrutiny of employee recruitment practices
- Seek assistance from City of Houston, U.S. agencies, and local nonprofits to help conduct training with contracting and procurement personnel, contractors, and workers at job sites

Actions with contractors:

- Insert clauses in all contracts that delineate expectations around worker recruitment and treatment
- During the sub-contracting process, dialog with contractors about the labor risks they might face and work with them to establish prevention and mitigation plans and strategies
- Invest in audits and spot checks of contractors, ensure that auditors are also collecting information directly from workers in their native language through in-person interviews or technology-enabled communication tools, and make results of audits publicly available, while protecting proprietary concerns

Actions with workers:

- Invest in grievance mechanisms that workers can securely avail of in their native language and establish a policy and procedure around restitution for all potential victims
- Widely publicize worker-rights based information in multiple languages in all worksites, which should include worker rights under local and federal labor, wage, workplace, and immigration laws